

## **Comments of the Midwest Energy Efficiency Alliance in Response to the ICC's Request for Comments on the Sustainable Energy Plan**

**April 27, 2005**

The Midwest Energy Efficiency Alliance (MEEA) is pleased to submit these comments in response to the Illinois Sustainable Energy Plan implementation plans presented to the Illinois Commerce Commission (ICC) on April 20<sup>th</sup>, 2005. We look forward to working with the ICC to develop and implement the plan throughout the state.

MEEA is excited to see that the utilities in Illinois are thoughtfully developing implementation plans for the Sustainable Energy Plan. In particular, we support the proposal to use the remainder of 2005 and 2006 to prepare to implement the Sustainable Energy Plan. This will allow the utilities enough time to develop and contract for energy efficiency programs. Rushing into the plan without being properly prepared could cost more money and produce less energy savings due to poor program design. MEEA also supports allowing the utilities to use at least 3% of their plan investments to cover independent evaluation. This will allow the utilities to make informed decisions about future programs and also to verify savings achieved through their programs. MEEA also fully supports collecting and accounting Energy Efficiency Portfolio Standard funds separately, to guard them against use for other unrelated activities.

### **Demand Response Credit**

As stated in MEEA's March 9<sup>th</sup> comments to the ICC, MEEA supports a balanced portfolio of demand response and demand side management programs. To clarify our previous comments, MEEA believes the utilities in Illinois should be allowed to count the energy (kWh) savings achieved through demand response (DR) programs, rather than the demand (kW) savings. MEEA recommends requiring each utility to establish the baseline annual or seasonal energy use for the participants in a demand response program and to gain cost recovery only if the overall energy use (kWh) for the same period is reduced as a result of the program. If the programs only curtail or shift the load during peak use periods, and overall energy use is the same or more than the baseline, the utilities should not be awarded cost recovery under the Energy Efficiency Portfolio Standard.

### **Cost Recovery**

MEEA supports cost recovery for the utilities because it is vital to the Sustainable Energy Plan being implemented. However, the commission should be cautious to guarantee that utilities do not collect multiple incentives for operating energy efficiency programs. For example, if the Regional Transmission Organizations (RTOs), including PJM Interconnection and Midwest ISO, offer incentives to utilities for reducing grid congestion through energy efficiency or demand response programs, the utilities should not also receive cost recovery for those activities in their rates under the Illinois Sustainable Energy Plan. However, the utilities should have the option of which incentive to utilize.

### **Program Accountability**

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It is important for the ICC to hold Illinois' utilities responsible for meeting the requirements of the Sustainable Energy Plan. MEEA believes that the utilities and other administrators will hold their contractors accountable for the energy savings for which the utilities will ultimately claim credit and request cost recovery. Given these assumptions, we do not believe that "out clauses" are the appropriate mechanism for ensuring appropriate accountability and performance. The Commission should allow some flexibility for market place anomalies when enforcing the Sustainable Energy Plan.

It is important for the Commission to establish a system for overseeing utility implementation of the Sustainable Energy Plan. MEEA believes the two-step plan, in which the Commission approves the utilities' goals and RFP process and then approves the contracts chosen by the utility, is reasonable. It gives the utilities a measure of assurance that costs incurred will be approved for cost recovery by the commission.

**Low Income Energy Efficiency Programs**

The U.S. Department of Energy has a well-established Low Income Weatherization Assistance Program. In Illinois, the Department of Commerce and Economic Opportunity administers the program and last year distributed close to \$14 million to support weatherization activities. MEEA supports continued administration of low income programs through this established avenue and encourages the Commission to focus the Sustainable Energy Plan funds on energy efficiency, demand response with net energy savings and renewable energy programs.

**Conclusion**

Thank you for the opportunity to provide comments. We look forward to continuing this dialogue and helping to make the Sustainable Energy Plan a reality in the state of Illinois.